

Message Text

LIMITED OFFICIAL USE

PAGE 01 BOGOTA 05790 141655Z

46

ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 AID-20 CIAE-00 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 INT-08 NSC-10 SS-15 STR-08 CEA-02 L-03

H-03 PRS-01 PA-03 USIA-12 RSR-01 /156 W

----- 088106

P R 132310Z JUL 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 8445

INFO USDOC

AMCONSUL CALI UNN

AMCONSUL MEDELLIN UNN

LIMITED OFFICIAL USE BOGOTA 5790

E O 11652: NA

TAGS: EMIN, CO

SUBJ: INTERNATIONAL MINING CO

1. LOUIS B HARDER CHAIRMAN OF BOARD INTERNATIONAL MINING CO, MET WITH MIN MINES GERARDO SILVA YESTERDAY JULY 12TH. MEETING LASTED THREE HOURS OVER LUNCHEON AT HOME OF FRANCISCO URRUTIA, CO COUNSEL.

2. HARDER LATER TOLD COMATT THAT SILVA WAS EXTREMELY NERVOUS, PROFESSED LITTLE REAL KNOWLEDGE OF MINING OPS, TRIED TO BE AMIABLE, BUT LEFT HARDER WITH IMPRESSION THAT GOVT'S DEMAND FOR 51 PERCENT OWNERSHIP OF INTERNATIONAL MINING OP WITHOUT COMPENSATION REMAINED UNCHANGED. ACCORDING HARDER, CO POSITION ALSO REMAINS UNCHANGED ON BASIC POINT THAT SHAREHOLDERS WILL NOT PERMIT TRANSFER OF 51 PERCENT OWNERSHIP FOR NOTHING. HE SAID THERE ARE NUMBER OF FORMULAE WHICH INTERNATIONAL MINING MIGHT ACCEPT. FOR EXAMPLE INTERNATIONAL MINING WOULD SELL MAJORITY OWNERSHIP TO PRIVATE COLOMBIANS, SEVERAL OF WHOM ARE INTERESTED, HE SAID.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BOGOTA 05790 141655Z

IN SALE TO GOVT, INTERNATIONAL MINING WOULD ACCEPT TAX FORGIVENESS

AS COMPENSATION, OR THE RIGHT TO BRING OTHER PROPERTIES INTO PRODUCTION. CO WOULD AGREE TO DEFERRED PAYMENT OR EVEN LIMITED PAYMENT IF GOC WOULD ALLOW INTERNATIONAL MINING TO REMIT MORE OF ITS CURRENTLY AVAILABLE BUT NON CONVERTIBLE PROFITS. ANOTHER FORMULA WOULD INVOLVE BASING TAX CREDIT CERTIFICATES (CAT'S) ON GOLD PRICE HIGHER THAN CURRENT US\$38 AN OUNCE.

3. HARDER TOLD SILVA THAT IF GOVT PERSISTS IN TAKING OVER 51 PERCENT OWNERSHIP WITHOUT COMPENSATION, HE WOULD PREFER THAT THE GOC EXPROPRIATE TOTALLY. HE WOULD IN SUCH SITUATION RELUCTANTLY ACCEPT IMPOSED NECESSITY TO SELL ALL ASSETS TO GOC. NONETHELESS HARDER SAID HE TOLD SILVA IT WOULD BE SHAME IF COLOMBIA WERE TO GAIN IMAGE AS COUNTRY WITH CHILEAN ATTITUDE TOWARD PRIVATE ENTERPRISE.

4. REGARDING JULY 20 TH DEADLINE FORMERLY IMPOSED BY SILVA FOR ACCEPTANCE OF GOC DEMANDS, SILVA SEEMED TO BACK OFF SLIGHTLY, HARDER SAID, BY IMPLYING THAT MOTIVATING FORCE BEHIND CALLS FOR EXPROPRIATION WERE UNNAMED QUOTE RADICAL UNQUOTE CONGRESSMEN (CONGRESS RECONVENES JULY 20). SILVA SEEMED TO HINT THAT HE HAD BEEN CARRIED ALONG BY EVENTS AND BY HIGH FEELINGS AMONG CONGRESSMEN. FACT IS HOWEVER THAT SILVA HIMSELF MADE PUBLIC STATEMENTS ALMOST DIRECTLY THREATENING EXPROPRIATION IF GOC DEMANDS WERE NOT MET. HE DID NOT MAKE REF TO HIGH FEELINGS IN CONGRESS AT THAT TIME.

5. UPSHOT OF HARDER-SILVA MEETING WAS SILVA'S PROMISE TO TAKE ENTIRE MATTER BACK TO PRES PASTRANA IMMEDIATELY.

6. TODAY JULY 13TH CO REP JOHN SWAN TOLD ASST COMATT THAT SILVA HAD REPORTED PRES'S REACTION AS FOLS. PRES STILL INSISTS ON 51 PERCENT OWNERSHIP WITH NO COMPENSATION BUT INDICATED SOME FLEXIBILITY ON HIGHER PROFIT REMITTANCES. PRES REFUSES TREAT VARIOUS MINES OF CO IN DIFFERENT MANNER BUT DEMANDS OVERALL SETTLEMENT.

7. SWAN DESCRIBED CO ATTITUDE AS RELATIVELY CONFIDENT. HE SAID THAT CONGRESSIONAL CALLS FOR NATIONALIZATION HAVE FAILED BEFORE. CO HAS IMPRESSION ADMINISTRATION IS GROWING MORE RELUCTANT TO FACE DETERIORATION OF INVESTMENT CLIMATE WHICH MIGHT FOLLOW EXPROPRIATION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BOGOTA 05790 141655Z

8. COMMENT: COMMON OPINION AMONG SOME KNOWLEDGEABLE COLOMBIANS IS THAT CO IS GUILTY OF ANTIQUATED SOCIAL ATTITUDE TOWARD ITS EMPLOYEES AND NEARBY COMMUNITIES, THOUGH GOC WAS LAX IN PERMITTING QUOTE EXPLOITATION UNQUOTE TO OCCUR. MOST SUCH COLOMBIANS PRIVATELY HOPE THAT EXPROPRIATION CAN BE AVOIDED. END COMMENT.

9. HARDER REPORTEDLY RETURNED TO NEW YORK TODAY JULY 13. O'NEILL WILL PROBABLY RETURN SAT, JULY 14 AND WILL TELEPHONE MR LITTLE

AT DEPT ON MONDAY JULY 16.

WHITE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BOGOTA05790
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730736/aaaabahh.tel
Line Count: 117
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 18 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Jan-2002 by collinp0>; APPROVED <08 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERNATIONAL MINING CO
TAGS: EMIN, CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005